

# **REGULAR BOARD OF TRUSTEES MEETING MINUTES**

**TUESDAY, OCTOBER 25, 2005**

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Don Bennett called the meeting to order at 10:00 a.m. Other Board members present included Kevin Boehnlein, Tim Walsh, Cari Whicker and Chuck Schalliol.

TRF staff present included Bob Newland, Tom Abbett, Phil Barnes, Tom Davidson, Amy Maynard, Steffanie Rhinesmith, Lynette Farrell and Sabrina Edwards. Also in attendance were Cristy Wheeler, Tony Armstrong of the Budget Agency, Jill Purcell of Cost Effective Management, Mary Beth Braitman of Ice Miller, Steve Moberly of IRTA, Sally Sloan of Indiana Federation of Teachers' and Rod Ellcessor of ISTA.

Chuck Schalliol introduced Cristy Wheeler, TRF's new Director.

The Agenda was presented.

Chuck Schalliol moved to approve the agenda after adding a State Board of Accounts update to the Director's Report. Cari Whicker seconded the motion. The motion carried.

The minutes of the October 25, 2005 meeting were presented.

Chuck Schalliol moved to approve the Minutes after correcting the spelling of his name. Tim Walsh seconded the motion. The motion carried.

Sabrina Edwards presented retiree payments for the month of November 2005.

Tim Walsh moved to accept the payments. Chuck Schalliol seconded the motion. The motion carried.

Tom Abbett presented the expenditures for the month of September 2005

Bob Newland discussed the Director's report.

Bob Newland asked the board if they would like Callan to response to the IFS audit. The board indicated no response is necessary at this time, however they can respond in the RFP.

Bob Newland discussed an RFP for Callan. He suggested the staff do the primary work using PERF's template and present to the board. The timeline would be to publish the RFP November 14<sup>th</sup>.

Bob Newland distributed a handout detailing Callan's disclosure for fees of managers. Three managers did not respond. Bob will attempt to get a response and update the board at the next meeting.

Bob Newland discussed salary adjustments for staff. Bob asked that three staff members be given a one time bonus for their extra help in the last 6 months. He proposed Katrina Stuckwisch receive \$5,000, Steffanie Rhinesmith receive \$3,000 and Phil Barnes receive \$3,000.

Chuck Schalliol moved to approve the staff bonuses mentioned above. Kevin Boehnlein seconded the motion. The motion carried.

Don Bennett asked staff to step out of the room to discuss bonuses. The board suggested Bob Newland receive a \$5,000 bonus and Lynette Farrell receive a \$5,000 bonus.

Chuck Schalliol moved to approve Bob Newland and Lynette Farrell's bonus. Cari Whicker seconded the motion. The motion carried.

Tom Abbett and Bob Newland discussed the State Board of Accounts balancing out the ASA/General Ledger account. SBOA is asking the board to approve the journal entry of \$18 million made back in 2004. Chuck Schalliol and Tony Armstrong will discuss this with the State Board of Accounts and our new director.

Bob Newland presented the investment reports. Steffanie Rhinesmith discussed a new development with Pacific Financial Research. PFR is currently on the watch list and their top executives are leaving the firm. PFR's corporate owner, Old Mutual, is suggesting that another one of their firms, Barrow, Hanley, Mewhinney & Strauss (BHMS) manage TRF's money already invested in PFR. Our contract with PFR expires on February 28, 2006 with no renewal clause. Staff recommends leaving money with BHMS and begin an RFP.

Kevin Boehnlein moved to approve staff's recommendation for PFR. Tim Walsh seconded the motion. The motion carried.

Gayle Byers was not able to attend the meeting today. Tom Davidson updated the board on Medicare Part D. November 15 Anthem will be sending a letter out explaining Part D wrap option to retired members of the Fund. The next board meeting we will have a proposal from Gayle Byers to rule on. The deadline for open enrollment is May 15<sup>th</sup>.

Jill Purcell of CEM presented the Cost Analysis Report ending December 31, 2004. In summary, TRF is the second lowest cost of peers and above median total service. Policy Return was 5.9% over a 5-year period (above the peer median of 3.3%), implementation value added was -0.7% over a 5-year period (compared to a peer median of 0.8%) and implementation risk was 0.9 over a 5-year period (below the peer median of 1.5%). TRF's total cost of 19.4 basis points were below the benchmark cost of 32.5 basis points due to less external active management and TRF paid less for most services. Cost effectiveness 5-year performance placed TRF in the negative value added, low cost quadrant of the chart. TRF's 5-year asset-liability mismatch was 16.6% (below the peer median of 18.5%).

The next meeting was scheduled for November 29, 2005 at 10:00 a.m.

The December meeting was tentatively scheduled for January 10, 2005.

Chuck Schalliol moved to adjourn this meeting. Tim Walsh seconded the motion. The motion carried.

Being no additional business, the meeting adjourned at 11:50 p.m.